

This letter responds to a letter dated March 21, 2007, and subsequent correspondence, submitted on behalf of X, requesting certain rulings that X will be treated as a partnership for federal income tax purposes and that its Members will be treated as partners under §§ 761 and 7701 of the Internal Revenue Code.

Facts

X was organized as a State limited liability company on Date, for the purpose of A against Y. X has a Members. On or about Date, each Member executed and delivered to X certain organizational and operational documents, memorializing each Member's rights and obligations with respect to X. The operating agreement of X provides that items of income, gain, loss, deduction and credit will be shared among the Members pro rata. Each Member contributed to X cash, and agreed to assign B to X. X agreed to assume each Member's C. In exchange, each Member receives a unit or units equal to the number of Z operated by the Member. Each unit represents an interest in the capital and profits of X.

Law

Section 761(a) of the Internal Revenue Code provides, in part, that, for purposes of subtitle A, the term "partnership" includes a syndicate, group, pool, joint venture, or other unincorporated organization through or by means of which any business, financial operation, or venture is carried on, and which is not, within the meaning of subtitle A, a corporation or a trust or estate.

Section 761(b) provides that for purposes of subtitle A, the term "partner" means a member of a partnership. Section 1.761-1(a) of the Income Tax Regulations provides that the term "partnership" means a partnership as determined under §§ 301.7701-1, 301.7701-2, and 301.7701-3.

Section 7701(a)(2) provides that the term "partnership" includes a syndicate, group, pool, joint venture, or other unincorporated organization, through or by means of which any business, financial operation, or venture is carried on, and which is not, within the meaning of Title 26, a trust or estate or a corporation; and the term "partner" includes a member in such a syndicate, group, pool, joint venture, or organization.

Section 301.7701-2(c)(1) provides that the term "partnership" means a business entity that is not a corporation under § 301.7701-2(b) and that has at least two members.

Conclusions

Based solely on the facts submitted and representations made, we conclude that upon the contribution of cash to X and the assignment of B to X by the Members, X will

be treated as a partnership for federal income tax purposes and each Member will be treated as a partner in X. We further conclude that following the formation of X, all expenses incurred by X in connection with the A against Y will be treated as partnership expenses. Finally, any B assigned to X by Members will be treated as items of partnership income and gain.

Except as specifically set forth above, we express no opinion concerning the federal tax consequences of the above described facts under any other provision of the Internal Revenue Code.

This ruling is directed only to the taxpayer who requested it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

In accordance with a power of attorney on file with this office, we are sending a copy of this letter to X's authorized representative.

Sincerely,

/s/

Leslie H. Finlow
Senior Technician Reviewer, Branch 3
Office of the Associate Chief Counsel
(Passthroughs & Special Industries)

Enclosures (2):

Copy of this letter
Copy for § 6110 purposes

cc: